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13 AUG 1975

MEMORANDUM FOR: Comptroller

THROUGH : Deputy Director for Administration

SUBJECT : Review of General Services Administration  
Federal Buildings Fund Estimate for  
Fiscal Year 1977

REFERENCES : (a) Memo dtd 17 Oct 74 to Compt fr D/L,  
Subject: Review of General  
Services Administration Federal  
Buildings Fund Estimate for FY 1976

(b) Ltr dtd 23 Jun 75 to GSA fr C/RECD/OL

(c) Ltr dtd 4 Jun 75 to GSA fr C/RECD/OL

(d) MFR dtd 1 Jul 75 by RED/RECD/OL,  
Subject: Recurring Reimbursable  
Service - Fiscal Year 1977

1. The Office of Logistics (OL) is in receipt of the General Services Administration (GSA) Federal Buildings Fund Estimate for fiscal year (FY) 1977. The estimate was submitted to aid the Agency in its budgetary planning for Standard Level User Charges (SLUC) for Agency space and other associated costs payable to GSA under the provisions of Public Law 92-313. The GSA FY 1977 SLUC estimate amounts to [REDACTED] This figure does not include the estimated cost of the Agency's projected space increases. GSA has not furnished the Agency with this cost estimate nor does it include the estimated cost of recurring reimbursable services as the datum furnished by GSA was incomplete and could not be verified.

2. We have been advised by GSA that the SLUC budget estimate for FY 1977 was based upon space assigned to the Agency as of 15 April 1975, plus space identified in the new assignment data developed for FY 1976 billings. The SLUC rates used for this estimate are the FY 1976 Tier II rates (rates for space occupied prior to 1 July 1975) escalated by 7.5 percent to reflect anticipated increases in space costs for FY 1977.

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25X1A 3. As you are aware, there were numerous discrepancies in GSA's FY 1976 budget estimate submission which, unfortunately, have been repeated in their submission for FY 1977. To adjust for these errors and to provide for a more accurate estimate, we have used the actual FY 1976 first quarter billing, projected to an annual figure, appropriately escalated, and adjusted to

25X1A 4. In addition to presently assigned space, we must also budget for space changes which will impact on FY 1977 costs. This year the Agency has the option to either compute estimated costs for projected changes in space requirements for FY 1977 or to provide GSA with the necessary information to complete this task. We have provided GSA with this information, but to date have not received a cost estimate. Therefore, we have computed our costs for projected space requirements according to instructions furnished by GSA. The method of computation for new space consists of using the basic Quality Rating of 90 and the SLUC Tier I rates (rates for space occupied after 1 July 1974) times the escalation factor and, for decreased space requirements, the actual FY 1976 cost times the escalation factor. The results of this computation show an estimated cost of [redacted] for the Agency's FY 1977 projected space requirements, as shown in Attachment 1. Adding the SLUC estimate for presently assigned space to that for FY 1977 projected space changes, the total FY 1977 SLUC budget is [redacted] as shown on the "Total GSA PL 92-313 (adjusted) Estimate" prepared by this Office and included as Attachment 2. A breakdown of these FY 1977 costs for currently occupied space only is included as Attachment 3.

25X1A 5. In addition to the SLUC estimate for Agency space, the Agency's FY 1977 budget must make provisions for those estimated costs for both recurring and nonrecurring reimbursable services rendered by GSA. Nonrecurring costs (i.e., ad hoc work orders and major projects payable to GSA) are estimated to total [redacted] based on currently proposed projects.

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6. Regarding recurring reimbursable costs, we have encountered several difficulties in arriving at the valid estimate for these services. First, the data furnished by GSA was incomplete and inadequate, making it impossible to verify as explained in Reference (b) (all references attached). Second, there is a current disagreement between the Agency and GSA regarding GSA's recently proposed formula for overtime utility services, which will greatly increase the Agency's costs for such services for both FY 1976 and FY 1977. The Chief, Real Estate and Construction Division, OL, formally protested to GSA by Reference (c); but to date, the question has not been resolved. Rather than making provision in the Agency FY 1977 budget for the recurring reimbursable cost, we estimated these services based upon the Agency's recurring reimbursable service cost estimate for FY 1976 times 10.5 percent escalation factor for labor costs (this represents one-half the 2-year escalation factor suggested by GSA per Reference (d)). Also, it has been determined that, because of the new formula for overtime utility services, there will be a net shortfall in our FY 1976 estimate for these services in the amount of \$500,000. This amount was escalated by 21 percent and added to our FY 1977 estimate. The net result of these computations is [redacted] for recurring reimbursable services in FY 1977. It should be noted, however, that this is purely an estimate based upon the factors described above, and the FY 1977 actual cost for recurring service could well exceed this amount. 25X1A

7. In recapitulation, it would appear that the Agency's FY 1977 costs relating to Public Law 92-313 will amount to [redacted] as shown on Attachment 2.

/s/ Michael J. Malanick

Michael J. Malanick  
Director of Logistics

7 Atts

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